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## TEXTS ADOPTED

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### **P8\_TA(2015)0175**

#### **Second anniversary of the Rana Plaza building collapse and the state of play of the Sustainability Compact**

**European Parliament resolution of 29 April 2015 on the second anniversary of the Rana Plaza building collapse and progress of the Bangladesh Sustainability Compact (2015/2589(RSP))**

*The European Parliament,*

- having regard to its previous resolutions on Bangladesh, in particular those of 18 September 2014<sup>1</sup>, 16 January 2014<sup>2</sup>, 21 November 2013<sup>3</sup> and 14 March 2013<sup>4</sup>,
- having regard to its resolutions of 25 November 2010 on human rights and social and environmental standards in international trade agreements<sup>5</sup> and on corporate social responsibility in international trade agreements<sup>6</sup>,
- having regard to the Cooperation Agreement between the European Community and the People's Republic of Bangladesh on Partnership and Development<sup>7</sup>,
- having regard to the Sustainability Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh,
- having regard to the joint statement by Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy Federica Mogherini, Commissioner for Trade Cecilia Malmström, Commissioner for Employment, Social Affairs, Skills and Labour Mobility Marianne Thyssen, and Commissioner for International Cooperation and Development Neven Mimica, on the occasion of the second anniversary of the Rana Plaza tragedy,
- having regard to the UN Johannesburg Declaration on sustainable consumption and production to promote social and economic development,

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<sup>1</sup> Texts adopted, P8\_TA(2014)0024.

<sup>2</sup> Texts adopted, P7\_TA(2014)0045.

<sup>3</sup> Texts adopted, P7\_TA(2013)0516.

<sup>4</sup> Texts adopted, P7\_TA(2013)0100.

<sup>5</sup> OJ C 99 E, 3.4.2012, p. 31.

<sup>6</sup> OJ C 99 E, 3.4.2012, p. 101.

<sup>7</sup> OJ L 118, 27.4.2001, p. 48.

- having regard to the ILO Promotional Framework for Occupational Safety and Health (2006, C-187) and the Occupational Safety and Health Convention (1981, C-155) which have not been ratified by Bangladesh, as well as to their respective recommendations (R-197); having regard also to the Labour Inspection Convention (1947, C-081) to which Bangladesh is a signatory, and to its recommendations (R-164),
  - having regard to the ILO Better Work Bangladesh programme launched in October 2013,
  - having regard to the Commission communication entitled ‘A renewed EU strategy 2011-2014 for Corporate Social Responsibility’ (COM(2011)0681) and to the results of the public consultation on the Commission’s work on the direction of its corporate social responsibility (CSR) policy after 2014,
  - having regard to its resolutions of 6 February 2013 on ‘Corporate Social Responsibility: accountable, transparent and responsible business behaviour and sustainable growth’<sup>1</sup>, and on ‘Corporate Social Responsibility: promoting society’s interests and a route to sustainable and inclusive recovery’<sup>2</sup>,
  - having regard to the UN Guiding Principles on Business and Human Rights, which set a framework for both governments and companies to protect and respect human rights, endorsed by the Human Rights Council in June 2011,
  - having regard to the UNHRC resolution adopted on 26 June 2014, which establishes an intergovernmental working group with the mandate of developing an international legally binding instrument to regulate the activities of transnational corporations,
  - having regard to the ILO Declaration on Fundamental Principles and Rights at Work,
  - having regard to the United Nations Global Compact on human rights, labour, environment and anti-corruption,
  - having regard to the Commission proposal for a Regulation setting up a Union system for supply chain due diligence (COM(2014)0111) aiming at transposing into legislation the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas,
  - having regard to the draft law related to due diligence of the parent firms and main contractor companies (N° 2578) adopted at first reading by the French National Assembly on 30 March 2015,
  - having regard to Rule 123(2) and (4) of its Rules of Procedure,
- A. whereas on 24 April 2013, the Rana Plaza, an eight-storey building in Savar, outside Dhaka, housing several garment factories, collapsed, causing the death of over 1 100 people and leaving some 2 500 people injured; whereas the Rana Plaza building collapse was Bangladesh’s worst-ever industrial disaster and the deadliest accidental structural failure in modern history;
- B. whereas at least 112 people died at the Tazreen factory fire, in the Ashulia district, Dhaka, Bangladesh, on 24 November 2012; whereas factory fires, building collapses and other

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<sup>1</sup> Texts adopted, P7\_TA(2013)0049.

<sup>2</sup> Texts adopted, P7\_TA(2013)0050.

accidents relating to health and safety issues at work are not limited to the RMG sector in Bangladesh alone but remain issues of serious concern in other developing and Least-Developed Countries with a strong export-oriented ready-made garment (RMG) sector, such as Pakistan or Cambodia;

- C. whereas, following the end of the Multi-Fibre Agreement, and due to the high labour intensity of the RMG sector, developing countries such as China, Bangladesh, India and Vietnam have become global producers; whereas Bangladesh had become the second-largest exporter of garments in the world after China, with one of the lowest garment wages, the textile sector providing for almost 85 % of the country's exports; whereas 60 % of its clothing output is going to the EU, which is Bangladesh's major export market;
- D. whereas the RMG industry in Bangladesh employs some 4 million people and indirectly supports the livelihoods of as many as 40 million people – about a quarter of Bangladesh's population; whereas the RMG industry has importantly contributed to poverty reduction; whereas Bangladesh has made great strides in reducing the gender gap in society, having successfully achieved the third UN Millennium Development Goal on gender equality, and whereas the RMG sector has provided an important contribution since 3,2 million out of the 4 million workers employed in the sector are women; whereas the employment of women has, in many cases, contributed to their empowerment;
- E. whereas the reorganisation of the RMG sector around the integrated value chain model has meant that orders can only be secured by improving productivity and further lowering production costs, this making Bangladesh and other developing countries' workforces particularly vulnerable; whereas Cambodia and Sri Lanka, where the economy is heavily dependent on the RMG sector, have experienced a decline in wages despite a steep increase in production facilities and employment; whereas in Bangladesh the minimum wage was increased substantially in the aftermath of the Rana Plaza disaster, yet still falls short of what is considered an adequate level to cover the basic needs of the workers;
- F. whereas, according to various reports, more than 600 garment workers died in factory fires in Bangladesh between 2006 and the beginning of 2013, while, according to reports by human rights organisations, none of the factory owners or managers has ever been brought to trial;
- G. whereas the collapsed building of the Rana Plaza complex was constructed illegally, and did not meet safety standards; whereas, following the disaster, 32 factories were permanently closed in Bangladesh as a result of significant safety concerns and 26 factories were partially closed; whereas there remains a significant number of factories that have yet to raise their standards to a legal level; whereas the ILO is supporting the initiative of the Government of Bangladesh to carry out structural, fire and electrical safety inspections of some 1 800 RMG factories, many of which are converted commercial or residential buildings;
- H. whereas on 24 April 2013, the 'Understanding for a Practical Arrangement on Payments to the Victims of the Rana Plaza Accidents and their Families' (Donor Trust Fund), to compensate the victims of the disaster and their families, was signed by the representatives of the Government of Bangladesh, local garment manufacturers and international garment brands, local and international trade unions and international NGOs; whereas the amount determined to cover the costs of all claims is USD 30 million;

whereas, as of the second anniversary of the disaster, the total amount raised by voluntary corporate contributions was around USD 27 million, thus leaving 3 million outstanding;

- I. whereas financial compensation is a fundamental economic support and it will not be possible to pay the medical costs of those victims requiring long-term medical care if the fund remains underfinanced; whereas Parliament regretted that the voluntary compensation arrangement through the Donor Trust Fund had not reached its target and noted that a mandatory mechanism would be more beneficial for the survivors and the families of the victims;
- J. whereas as a result of these tragic events at Rana Plaza, and following the public outcry and calls for action by the European Parliament, the EU, in collaboration with the Government of Bangladesh and the ILO, launched, on 8 July 2013, the 'Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh' (the Compact), where Bangladesh committed to take action to improve labour standards and working conditions in the country's RMG industry;
- K. whereas Bangladesh had only 92 inspectors to control around 5 000 ready-made garment (RMG) factories and other industries in the country before the accident; whereas the Government of Bangladesh had committed to recruiting an additional 200 inspectors by the end of 2013;
- L. whereas the first review of the Compact took place in October 2014 and concluded that, while good progress had been made, further important steps had to be taken by the Government of Bangladesh, notably regarding the improvement and implementation of the Labour Law, improving labour rights in Export Processing Zones (EPZ) and the hiring of more labour inspectors; whereas the second review of the Compact will take place in Autumn 2015;
- M. whereas the Bangladesh Labour Act (Labour Law) was amended in July 2013; whereas the law, while including some positive reforms such as in the area of occupational health and safety, continues to fall short of international standards with regard to freedom of association and collective bargaining, as highlighted by the ILO Committee of Experts' comments on Conventions 87 and 98, including limitations on the right to elect representatives in full freedom, numerous limitations on the right to strike and broad administrative powers to cancel a union's registration, and whereas the government has stated repeatedly that it has no intention of considering additional amendments;
- N. whereas the Bangladesh Accord on Fire and Building Safety (the Accord), a legally binding agreement, was signed by apparel corporations, global and local trade unions, NGOs and workers' rights groups on 13 May 2013, and the Alliance for Bangladesh Worker Safety (the Alliance) was established on 9 July 2013, bringing together 26 mainly North American brands, but with no trade union involvement; whereas at present 175 fashion and retail brands have signed up to the Accord; whereas the Accord and the Alliance have carried out inspections of the 1 904 export-oriented factories;
- O. whereas the Government of Bangladesh has yet to adopt the implementing rules and regulations for the Labour Law despite repeated promises to do so, the last time stating that they would adopt them by the summer of 2015; whereas the implementation of the Law is a necessary condition for eligibility to the ILO Better Work Programme and for the functioning of the training programme in the framework of the Accord;

- P. whereas in Bangladesh 10 % of the workforce in the RMG sector is employed in EPZs; whereas a new EPZ Labour Act was passed by the cabinet in July 2014, yet falls short of granting commensurate rights to workers with those granted elsewhere in Bangladesh; whereas, while the ban on striking elapsed on 1 January 2014, Worker Welfare Associations do not have the same rights and privileges as trade unions;
- Q. whereas about 300 new trade unions have been registered in the garment sector since the start of 2013; whereas in 2014, 66 applications, which amount to 26 % of all applications filed, were rejected; whereas anti-union discrimination remains a very serious and rapidly growing problem; whereas trade unions are reporting that the Government of Bangladesh is proactively preventing workers and employers who want to establish their own safety committees as required by the Accord from doing so;
- R. whereas Bangladesh ranks 136 out of 177 countries on the Transparency Index and whereas corruption is endemic in the global garment supply chain and involves the political class as well as local and multinational corporations;
- S. whereas, according to the Worker Rights Consortium, it would add less than 10 cents to the factory price of each of the 7 billion garments that Bangladesh sells each year to Western brands if the country's 5 000 garment factories were to be elevated to Western safety standards within 5 years; whereas there are no indications that prices of garment and textile articles have increased during the last two years;
- T. whereas the RMG sector is prominently dominated by large retailers, branded manufacturers and marketers which control global production networks and directly stipulate supply specifications; whereas clothing and textile manufacturers, in the context of a globalised industry, often have no choice but to accept lower prices, increase quality standards, shorten delivery times, reduce minimum quantities and take on as much risk as possible; whereas there are severe shortcomings in transparency and traceability in the global supply chain; whereas decent work in the global supply chain will be a key point on the agenda of the 2016 ILO Conference;
- U. whereas following the disaster, there has been unprecedented demand from European consumers for greater information on where products originate from and the conditions in which they are produced; whereas European citizens have submitted countless petitions and organised campaigns demanding greater accountability from garment brands to ensure their products are manufactured in an ethical way;
- V. whereas as a Least-Developed Country, Bangladesh benefits from duty-free quota-free access to the EU market for all its products under the Everything but Arms (EBA) initiative, which covers 55 % of Bangladesh's exports, much of it clothing/textiles, and is therefore bound to ensure effective implementation of a number of core UN/ILO conventions relating to human rights and labour rights;
1. Remembers the victims on the occasion of the 2nd anniversary of the Rana Plaza tragedy, one of the most devastating industrial disasters ever; expresses its condolences once again to the bereaved families and to those injured or disabled; underlines that these losses could be avoided with better safety-at-work systems;
  2. Recalls that the Rana Plaza Coordination Committee established the Rana Plaza Donors Trust Fund to voluntarily collect donations from companies in order to compensate the victims and families; deplores that USD 3 million of the USD 30 million total

compensations were still outstanding in April 2015 and urges the international brands sourcing from Rana Plaza, or having significant ties to Bangladesh, the Government of Bangladesh and the Bangladesh Garment Manufacturers and Export Associations (BGMEA) to ensure that all owed compensations will be distributed without delay;

3. Denounces that about one-third of the companies that are deemed to have links to the factory complex, such as Adler Modemarkte, Ascena Retail, Carrefour, Grabalok, J.C. Penney, Manifattura Corona, NKD, PWT or YesZee, have yet to pay into the Trust Fund; deeply regrets that the fact that after months of stalling, Benetton has only granted USD 1.1 million to the Rana Plaza Donor Trust Fund, despite the necessary contribution being estimated to be much higher on the basis of its ability to pay and given the extent of its involvement with Rana Plaza; similarly regrets that every brand linked to Rana Plaza has made insufficient donations, thus failing to live up to their responsibilities to the victims, including Mango, Matalan, and Inditex, who have refused to disclose their donations, with others such as Walmart and The Children's Place only contributing a minimal amount;
4. Notes that the compensation for the Tazreen fire is now being negotiated on the same basis of the Rana Plaza arrangement, strongly regrets the ongoing delays and calls for compensation to be delivered in a timely manner;
5. Welcomes the steps that are being taken towards establishing a permanent national workplace accident insurance scheme and encourages the Government of Bangladesh to stand by its commitment in the framework of the National Tripartite Plan of Action in that respect; calls on the Commission to support such effort where appropriate, yet notes that while current compensation efforts are outstanding this will remain a barrier to progress in this area;
6. Calls on the Commission, EU Governments and others to consider proposals for mandatory frameworks that will ensure that access to remedy and compensation is based on need and responsibility and not just on the ability of campaign groups to name and shame or on the voluntary efforts of companies;
7. Welcomes the EU-led initiative to launch the Compact, aiming to ensure a new start in occupational safety and health, working conditions, respect of labour rights and promotion of responsible business conduct in the RMG industry in Bangladesh;
8. Notes the conclusions of the first review of the Compact in October 2014, reporting good progress achieved by the Bangladeshi authorities, and recognises the contribution of the Compact in improving health and safety in factories and working conditions in the RMG industry; urges, however, the Government of Bangladesh to enhance its level of engagement to actively implement all commitments in the Compact as a matter of highest priority; trusts that substantial progress in all labour and safety issues – in particular in respect of labour rights, labour inspections, decent wages, structural integrity of buildings and occupational safety and health and responsible business conduct – can be reached by the second review of the Compact due to take place in autumn 2015;
9. Notes the steps taken by Bangladesh in amending its Labour Law in the aftermath of Rana Plaza, strengthening fundamental rights in the areas of occupational health and safety and labour rights; regrets that a number of restrictions to workers' freedom of association were not addressed and that the Law still falls short of complying with core ILO conventions;

10. In keeping with the commitments in the Compact, urges the Government and the Parliament of Bangladesh to adopt, as a matter of absolute priority, the necessary rules and regulations to ensure the effective implementation of the Law, in full consultation with the Tripartite Consultative Council and with particular attention given to the implementation of ILO conventions 87 and 98 on freedom of association and collective bargaining;
11. Is concerned by the situation in EPZs, where trade unions continue to be banned and working conditions, health and safety standards are poor, and stresses that workers there should enjoy fundamental legal freedoms and safety standards commensurate with those of workers elsewhere in the country; strongly regrets that the proposed EPZ Labour Act continued to prohibit workers from forming unions in EPZs and points out that Worker Welfare Associations in no way have rights and privileges comparable with those of trade unions; urges the Government of Bangladesh to immediately and fully extend the Labour Law to EPZs;
12. Welcomes the increase of the minimum wage in the RMG sector by 77 % from EUR 35 to EUR 62 per month and encourages more universal implementation; notes, however, that in practice the minimum wage in the garment industry still falls short of covering the basic needs of the workers and that it should amount to at least EUR 104 in order to do so, and calls on the Government of Bangladesh to establish a living minimum wage in full consultation with trade unions and employees; further urges the government to ensure that garment factories actually pay the wages that are due;
13. Welcomes the registration of about 300 new garment trade unions since the start of 2013, which doubles their number in the garment sector, but is concerned that in 2014 and 2015 the process of registration has slowed down; encourages the Bangladeshi authorities to continue along the initial positive trend to meet the objectives of an adequate representation of 4 million workers in the RMG sector;
14. Is highly concerned by reports that newly founded trade unions have suffered discrimination, dismissals and reprisals; is appalled by the widespread anti-union discrimination underlined by well documented acts of threats, harassment and physical violence against workers' representatives, including the murder of the trade union leader Aminul Islam; urges the Government of Bangladesh to effectively address unfair labour practices, by implementing the necessary measures to prevent, investigate and prosecute wrongdoings in an expedient and transparent manner in order to end impunity and also bring the murderers of Aminul Islam to justice; is convinced that adequate training and awareness raising on labour rights is an effective way of reducing anti-union discrimination;
15. Considers the existence of democratic trade union structures to play an important role in better health and safety standards, for example the continued development of worker-led safety committees in all factories; also stresses the importance of access to factories for unions to educate workers on how they can protect their rights and their safety, including their right to refuse unsafe work;
16. Welcomes the commitment made by the government to rebuild the Department of Inspections of Factories and Establishments (DIFE), which is expected to ultimately have 993 staff and 23 district offices, the upgrading of its inspection services in January 2014 and the adoption of a National Health and Safety Policy as well as unified standards for health and safety inspections; calls on the Commission and international partners to

provide technical assistance and sharing of best practice to assist with the upgrade of DIFE; calls on the Government of Bangladesh to uphold its commitments on labour inspections and respect ILO convention 81; welcomes the closure of factories which have failed to meet safety standards;

17. Remains concerned by allegations of endemic corruption in Bangladesh between health and safety inspectors and clothing factory owners and calls for more to be done to combat such practices;
18. Understands the difficulties in making progress in recruiting inspectors due to the necessity to adequately train people to a single standard and harmonised operating procedures before actual posting; regrets, however, that the target to recruit 200 inspectors by the end of 2013 has not yet been fulfilled as the current recruits stand at 173, and underlines that 200 inspectors are far below what is necessary to supervise an industry of 4 million workers;
19. Welcomes the fact that the Accord and the Alliance have completed the inspections of all factories under their remit and have finalised more than 400 Corrective Action Plans (CAPs); urges the Government of Bangladesh to complement such action by swiftly carrying out the inspection of the factories under its responsibility and to adopt adequate remedial actions; supports the important work of the ILO in helping secure this; welcomes the engagement of those manufacturers who wish to improve standards and calls on all stakeholders involved to ensure the correct implementation of CAPs;
20. Welcomes the fact that at present over 250 fashion and retail brands sourcing RMG from Bangladesh have signed the Accord or the Alliance to coordinate their efforts to help improve safety in Bangladesh's factories which supply them; in this context, encourages other companies, including SMEs, to join the Accord; underlines the need for appropriate involvement of all stakeholders for an effective implementation of the Accord and encourages its replication in other high-risk countries;
21. Encourages the Accord and the Alliance to improve their cooperation and systematically exchange reports of factory inspections to avoid duplication of work and differing standards; calls on the Alliance to also publish its reports in Bengali, including online, and to provide them with pictures so that they can be accessible to everyone in the country;
22. Believes that global retailers and branded manufacturers have a great deal of responsibility, with the current production patterns, in rendering the improvement of labour conditions and wages in producing countries difficult; is convinced that fairer market structure and social conditions could be created if those companies ensured, all along their supply chains, full respect of ILO core labour standards, internationally recognised Corporate Social Responsibility (CSR) standards, in particular the recently updated OECD Guidelines for Multinational Enterprises, the ten principles of the United Nations Global Compact, the ISO 26000 Guidance Standard on Social Responsibility, the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the United Nations Guiding Principles on Business and Human Rights; welcomes the Commission's flagship initiative on responsible management of the supply chain in the garment sector, taking into account already existing national initiatives in Germany, the Netherlands, France and Denmark, and believes that the EU has the ability and duty to be a global champion of supply chain responsibility;

23. Believes that access to information in the garment sector is often the most important obstacle to tackling human rights violations in the global supply chain and that a mandatory reporting system is needed which provides information linking all the actors within the value chain of a single product, from the production place to the retailers; considers that new EU legislation is necessary to create a legal obligation of due diligence for EU companies outsourcing production to third countries, including measures to secure traceability and transparency, in line with the UN Guiding Principles on Business and Human Rights and the OECD MNE Guidelines;
24. Calls on the Council and the Commission to include a mandatory and enforceable CSR clause in all bilateral trade and investment agreements signed by the EU, which would bind European investors to the principles of CSR as defined at the international level, including the 2010 update of the OECD Guidelines, standards defined by the UN, the ILO and the EU; requests that in future EU trade agreements with third countries, occupational safety and health should take a more prominent place as part of the decent work agenda and that the EU provide technical support for the implementation of these provisions so that they do not constitute a barrier to trade;
25. Acknowledges that employment in the garment sector has helped millions of poor rural women in Bangladesh and elsewhere to escape deprivation and dependence on male support; notes that the non-unionised workforce has been essentially composed of unskilled workers and women in the RMG sector in developing countries; recognises that progress in workers' rights and protection is vital for the empowerment of women and underlines the need to increase women's representation in trade unions, including the newly formed ones in Bangladesh, and welcomes the Compact in acknowledging the importance of gender empowerment in improving labour standards;
26. Notes that the Everything But Arms (EBA) initiative has played an important role in Bangladesh's economic development and has contributed to improving material conditions for millions of people, in particular women; is convinced, however, that without a sound conditionality in the area of human and labour rights, EBA and GSP risk exacerbating low standards in worker protection and undermining decent work; calls on the Commission to establish whether Bangladesh is adhering to human rights, labour and environmental conventions under the GSP and to report back to Parliament; stresses that countries that make good progress in social and labour standards should be rewarded by preserving full market access for their products;
27. Encourages VP/HR Mogherini and Commissioner Malmström to continue to include the ratification of core ILO standards, health and safety inspection and freedom of association in discussions with Bangladesh on continued preferential trade;
28. Instructs its President to forward this resolution to the Council, the European External Action Service, the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, the EU Special Representative for Human Rights, the governments and parliaments of the Member States, the UN Human Rights Council, the Government and Parliament of Bangladesh, and the Director-General of the ILO.